THE COMPTROLLER:
IS HE A GOOD CANDIDATE FOR
TOP MANAGEMENT?

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for

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PREFACE

At the very beginning of the course in Comptrollership, Dr. Johnson informed the class that he expected they would be confused for some time to come, and that this state of confusion would gradually be replaced with understanding of the functions of the Comptroller. He has been proven a good prophet in at least one instance.

As the confusion has given way to the beginnings of understanding, the thoughts behind this paper started to take shape. After listening to a number of guest speakers, all of whom praised the comptroller position highly, and reading the assigned books on the subject, the first conclusion reached was that the Comptroller is the outstanding candidate of the future for top management positions. A little reflection, however, raised several questions, notably, why does he not fit into the smaller business as well as larger concerns, and why he did not make his appearance on the scene much earlier than was actually the case. My own personal conclusions resulted from setting down the pertinent facts in a brief way, and drawing the answer from them. To me, at least, the evidence is conclusive.

Most of the material for this paper was garnered from the talks of the various speakers. I am also indebted to a number of authors, notably Bradshaw (Developing Men for Comptrollership); Doris (Corporate Treasurer's and Controll-

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er's Handbook); Hawley (Executive Suite); Kienzie and Dare (Climbing the Executive Ladder); Copeland (The Executive at Work); and a variety of periodicals, military publications, and texts.

TABLE OF CONTENTS

Chapter Page

Preface. ii

1. THE GROWTH OF THE COMPTROLLER CONCEPT 1

"My boy can grow up to be President"
"A big frog makes a big splash"
Expansion-- the process of growing bigger
Aesop's Fables
"Necessity is the mother of invention"

2. THE COMPTROLLER AND HIS FUNCTIONS 7

What is a Comptroller
The Comptroller's functions
The accounting function
The advising function
The forecasting function
The managing function

3. TRAINING OF A COMPTROLLER 13

Company training
Personal relations
Summary

4. THE QUALIFICATIONS OF THE TOP EXECUTIVE 17

Leadership
Business knowledge
Decisiveness
Recognizing ability and faults

5. THE COMPTROLLER MEETS THE QUALIFICATIONS . . . 20

Summary

TABLE OF CONTENTS

Chapter Page

Preface ii

I. THE SEARCH FOR THE CONTROLLING CONCEPT 1

"My boy was born to be President"
"A big star meant a big epidemic"
Tidewater -- the wonders of growing up
Aunt's house
"Serenity is the mother of invention"

2. THE CONTROLLING ACT HIS WORKING 7

That is a don't-idea
The Commodore's Tradition
The governing function
The guiding function
The forecasting function
The governing function

3. VARIANT OF A CONTROLLING 17

General training
Personal relations
Humanity

4. THE QUALIFICATIONS OF THE ELF EXECUTIVE 27

Imaginative
Business knowledge
Initiativeness
Encouraging ability and habits

5. THE INSTRUMENTS USING THE QUALIFICATIONS . . . 34

Summary

CHAPTER 1

The Growth of the Comptroller Concept

"My boy can grow up to be President."

The business world, in the past, has offered a wide variety of fields for the growth and development of a career. The choice of which field of endeavor to enter has been, to a great degree, left up to the discretion of the person entering upon the working portion of his life. Such a decision is usually dependent on a large number of factors-- job openings, educational background, personal preference, family tradition, and the like. However, almost any normally ambitious person, either when first taking a job, or at some later time, has one primary factor in mind, which is the prospect for advancement. In periods of labor and executive shortages, such as the present time, this inducement of promotion is always prominently mentioned by any company or corporation when recruiting talent, and in fact, any outfit which has a poor record of advancement faces a serious shortage of ambitious people. It is one of the cherished maxims of the American way of life that "my boy can grow up to be President". This philosophy, along with the constitutional guarantee that "all men are created equal", has naturally resulted in fostering a spirit of independence and ambition throughout the country, in direct spirit contrast to the systems of feudal days or primogeniturism. The business world is full of examples of

CHAPTER I

The Growth of the Industrialist Concept

"My boy can grow up to be a President."

The business world, in the past, has offered a wide variety of fields for the growth and development of a career. The choice of which field of endeavor to enter has been, to a great degree, left up to the discretion of the young adult-hood when the working portion of his life. Such a decision is usually dependent on a large number of factors-- job openings, educational backgrounds, personal preferences, family tradition, and the like. However, almost any normally ambitious person, either when first seeking a job, or at some later time, has one primary factor in mind, which is the prospect for advancement. In periods of labor and economic shortages, such as the present time, this tendency of promotion is always practically conditioned by any company or corporation when recruiting talent, and in fact, any outfit which has a poor record of advancement faces a serious shortage of ambitious people.

It is one of the cherished notions of the American way of life that "my boy can grow up to be President". This idealology, along with the constitutional guarantee that "all men are created equal", has naturally resulted in instilling a spirit of independence and ambition throughout the country, in direct spirit contrast to the systems of feudal lord or philosophisticing. The business world is full of examples of

men who have started with nothing, and worked their way up to the presidency of companies and large corporations, while the number op top executives who have inherited their positions and business is constantly decreasing, percentage-wise, if not in actual numbers.

"A big frog makes a big splash"

The higher a man rises in his career, whether it be politics, the military, business, or what have you, the more attention he attracts. This state of affairs is only natural, for not only does he attract the attention of his superiors, but his subordinates grow in number, and usually his power over them increases proportionately. The man at the top is the target of many eyes-- proud eyes of his family; envious eyes of his erstwhile equals; rabid eyes of anarchists; fearful eyes of the inefficient; faithful eyes of his loyal followers; and most important, the studious eyes of those just start- their careers, who are intent on following in his footsteps.

These tadpoles of the business world study every available facet of the boss bullfrog of their pond. They observe his idiosyncracies, try to anticipate his thoughts and wishes, emulate his actions, and in every way attempt to follow the example of their leader. But they do much more than merely follow the present. The past life and career of the top executive are brought under the closest scrutiny by the neophytes of his regime. They ask such questions as "How did he start?"--"When did he first make his mark?" and the like. The

may very have American city problems, and whether their say on the
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number of top executives who have inherited their positions
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"A big tree casts a big shadow"

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for not only does he attract the attention of his subordinates,
but his superiors also is known, and usually his peers
over time increasingly interestingly. The man at the top is
the target of many eyes-- brown eyes of his family; envious
eyes of his overzealous equals; bright eyes of subordinates; fear-
ful eyes of the institution; friendly eyes of his loyal follow-
ers; and last important, the critical eyes of those just start-
ing career, who are intent on following in the footsteps.

These followers of the individuals would study every available
facet of the face building of their idols. They observe his
idiosyncrasies, try to anticipate his thoughts and wishes,
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ordinates of his region. They are even questions as "How did he
start?"--"When did he first make his mark" and the like. The

answer to these and similar questions help determine the course of the young man's career. Every company has a subtle hierarchy of succession to command. Was the president an engineer? Then t the engineering department is the place to start. A designer? Man the drawing boards! A salesman? Hit the road, men! Each of the traditional major departments of industry-- design, sales, engineering, production, even public relations and advertising, has its fair share of men who rose through those channels of endeavor to reach the top post-- the Big Frog in their particular pond. And with these examples before them, younger men who aspire to the top will try for the same footholds in their climb from the pond water of the beginning tadpole, through the puddles of the intermediate junior levels, to the dry spots on the bank reserved for big frogs-- top executives.

Expansion-- the process of growing bigger.

All of us are familiar with the results obtained when a balloon is blown up. The balloon expands, and takes up mush more space than formerly. A perusal of history reveals that this country has been undergoing the same process throughout the entire era of its existence. The territorial expansion continued until the oceanic boundaries were reached. Since then, the process has been internal in scope, with increasing population, increasing world importance, and, of special interest to this paper, a constantly expanding business economy.

Business has grown, and keeping the simile of the

humor is tamer and similar questions only determine the course of the young man's career. Every company has a social directory of association is required. Was the president an engineer? Then y the engineering department is the place to start. A sociologist? Was the original founder? A university? All the road, and! Only of the traditional major departments of industry-- design, sales, engineering, production, even public relations and distribution, has its full share of men who pass through these centers of education to reach the top post-- the big fish in that particular pond. The fish tends changing hands then, however men who aspire to the top will try for the best training in their field from the good water of the leading laboratories, through the tutelage of the institutions junior levels, to the very giants on the home reaching for big fish-- top executives.

Summary-- the process of growing giants.

All of us are familiar with the results achieved when a nation is taken up. The United States, not taken up and made some back formerly. A journal of industry reveals that this country has been interpreting the data received throughout the entire use of its resources. The industrial education continued until the economic possibilities were realized. Also then, the process has been informal in nature, but interesting correlation, increasing social importance, and, of course, interest to this group, a constantly growing business economy.

Business has grown, and because the minds of the

balloon, it has expanded in all directions-- not only in the total number of business enterprises, but in the size and complexity of the average. The earlier types of business were predominately of the one-man variety. The owner would be familiar with all the problems of his particular concern, and would make all the major decisions as well as run the business personally. He did not need or desire much in the way of technical advice or assistance from his employees, and was able to keep all the strings of control firmly in his own hands.

This system was satisfactory for the simple economy of the early days, but changes steadily occurred. As the country grew, the nature of business grew to keep pace. The smaller business was absorbed by its larger and more prosperous competitor, and the corporation came into being. Corporations merged, and cartels were formed and grew into holding companies. And, while the government through such regulatory measures as the Sherman Anti-Trust Act has played an increasingly important part in the conduct of business, the trend has in general been toward larger companies. The small business, while still of importance to the national economy, has been steadily pushed further into the background.

Aesop's Fables

One of the fables of Aesop which most people read in childhood concerns the story of the reed which bent before the gentle breeze, while the great tree hardly swayed. The following gale blew down the tree, however, and when the wind

Baldoon, it had changed in all directions -- not only in the t that number of business enterprises, but in the size and complexity of the business. The smaller types of business were proportionately of the one-man variety. The owner could be familiar with all the problems of his particular concern, and could make all the major decisions as well as run the business personally. He did not need or desire much in the way of financial advice or assistance from his employees, and was able to keep all the strings of control firmly in his own hands.

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Ken's Motive

One of the labels of Lenny which most people read in middleton concerned the story of the road which had taken the gentle lovers, Willy the great three barrels engaged. The following pile view down the town, however, and made the kind

subsided, the reed once more stood upright beside the fallen giant. An apt comparison may be drawn between small and large businesses. The small business represents the reed, which has one main stem and no significant branches. As the size of the business increases, the stem grows to trunk size, and branches sprout. A tree has come into being. As the tree grows, the trunk of necessity becomes stronger (the head of the firm), and the branches (the different departments) spread further.

Now the tree offers far greater resistance to the wind, which may be said to represent business problems. As the force of the gale increases, the stress is carried from the branches through the trunk down to the roots (the practices and policies of the business). At some point the strain becomes too great, the roots are torn loose, and the tree falls-- the business has failed. The roots of the reed are strong enough to support the small forces, and it survives most blows. The tree has fallen because its own great size was too much for its foundation.

Necessity is the Mother of Invention

It would seem from the foregoing that the business world would recognize the maximum size to which an enterprise can safely grow. Such has in fact been the case. But, there has also been a demand for the large concern, just as there is a demand for the larger boards to be obtained from bigger trees. Manifestly, some outside influence must be brought into the picture if we are to have the forest giants, and at the

relations, the best some have found simply having the right
place. In fact generations may be drawn between small and large
businesses. The small business represents the past, being the
one main also and so slightly more familiar. At the other of the
business increases, the focus gives to fresh air, and therefore
growth. A fore has come into being. In the tree grows, the
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not safely grow. Such has in fact been the case. But, there
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is a demand for the larger bonds to be obtained from larger
firms. Inevitably, some are too ambitious and is forced into
the decline if is are to have the first place, and at the

same time security against their falling. Inthe case of the tree the obvious answer is to develop a strain with stronger roots.

In the same way, business was forced to build stronger foundations under the super-sized enterprises. The main building block of this stronger foundation is found in the person of the Comptroller whose function it is to strengthen the entire structure of the business by supplying a firm basis of facts and figures and advice upon which good decisions can be made.

CHAPTER 2

The Comptroller and His Functions

What is a Comptroller?

The comptroller is a relatively new creation, brought into being to fill a void left by the expansion of industry. As such, the position has not as yet, in the twenty years or so of its existence, achieved any great degree of stability or unaminity, but depends in great measure upon the ability of the incumbent in the job, the degree of acceptance of the idea in the company, and the attitude of top management. This condition appears to hold true throughout the entire industry of the country, if the examples of the various speakers who have appeared before this class may be taken as a true sample. And these companies represented do seem to be typical, in that the comptroller of the New York Telephone Company (a subsidiary of the Bell system) is a vice-president and an important member of the top management, while other companies represented show the importance of the function ranging down to "senior book-keeper" levels. The overall average, however, would seem to place the comptroller in a position directly below the vice-presidential level, usually reporting to a vice-president for finance, and with a good deal of responsibility in an important staff position. In such companies the duties of the comptroller seem to be fairly well established, and in many cases approach what the Controllers Institute

CHAPTER I

The Controller and His Functions

What is a Controller?

The controller is a relatively new concept, brought into being by the rise of the corporation of industry. As such, the position has not an old, in the twenty years or so of its existence, received the final decree of stability or permanency, but depends in great measure upon the ability of the incumbent in his job, the degree of acceptance of the idea in the company, and the attitude of the management. This condition appears to hold true throughout the entire industry of the country. If the decision of the various executive committees before this phase may be taken as a true index.

And these committee statements do seem to be typical. It that the controller in the New York Telephone Company is subsidiary of the Bell system; in a vice-president and an important member of the top management, while other companies recognized also the importance of the function rising from the "junior top-management" level. The "typical" controller, however, must also be also the controller is a position situated below the vice-presidential level, usually reporting to a vice-president for finance, and with a good deal of responsibility in an informal staff capacity. In such companies the duties of the controller seem to be fairly well established, and in many cases increased when the controllership institute

believes should be the functions of the position. These functions are quoted as follows:[1]

1. To establish, coordinate, and maintain, through authorized management, an integrated plan for the control of operations. Such a plan would provide, to the extent required in the business, cost standards, expense budgets, sales forecasts, profit planning, and programs for capital investment and financing, together with the necessary procedures to effectuate the plan.

2. To measure performance against approved operating plans and standards, and to report and interpret the results of operations to all levels of management. This function includes the design, installation, and maintenance of accounting and costs systems and records, the determination of accounting policy, and the compilation of statistical records as required.

3. To measure and report on the validity of the objectives of the company, and of the effectiveness of the policies, organization structure and procedures in attain-the objectives. This includes consulting with all segments of management responsible for action or policy concerning any phase of the operation of the business as it relates to the performance of this function.

4. To report to government agencies, as required, and to supervise all matters relating to taxes.

5. To interpret and report on the effect of external influences on the attainment of the objectives of the business. This function includes the continuous appraisment of economic and social forces, and of governmental influences as they affect the operations of the business.

6. To provide protection for the assets of the business. This function includes establishing and maintaining adequate internal control and auditing, and assuring proper insurance coverage.

The Comptroller's Functions

We have seen from the previous section what, in the opinion of the Controllers Instutite, the functions of the comptroller should be. These functions as set forth cover a lot of territory and are quite inclusive, in both a general and a specific nature. However, if we disregard the tax fund

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(1) The Controller, September, 1952, page 420

believes should be the function of the bureaucrat. These functions are twofold as follows:[1]

1. To authorize, coordinate, and maintain, through authorized management, an integrated plan for the control of operations. Such a plan would provide, in the account required by the business, cost standards, manpower budgets, sales forecasts, profit objectives, and objectives for capital investment and financing, together with the necessary procedures to effectuate the plan.

2. To advise the President against improper expenditures of time and resources, and to record and determine the propriety of operations in all levels of management. This function includes the design, installation, and maintenance of accounting and data systems and records, the compilation of accounting data, and the verification of statistical records as required.

3. To measure and record on the validity of the objectives of the company, and of the effectiveness of the policies, organization structures and procedures in achieving the objectives. This includes connecting with all segments of management responsible for action or policy formulation and these of the evaluation of the business as it relates to the performance of this function.

4. To assist the management executive, on request, and to supply all matters relating to this.

5. To interpret and report on the effect of proposed alternatives on the attainment of the objectives of the enterprise. This function includes the continuous examination and critical review of all phases of management and of operations and to stay after the operations of the business.

6. To provide protection for the assets of the business. This function includes establishing and maintaining adequate internal control and auditing, and assuring proper insurance coverage.

The Controller's Functions

We have seen from the previous section that, in the opinion of the controller institute, the functions of the controller should be. These functions is as set forth above a list of territory and are quite lucrative. He plays a central and a versatile nature. However, it is discovered by the Fred

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[1] The Controller, Anderson. (Pp. 1-2)

tion, and include internal control and auditing with accounting, we may simplify the concept into four major basic categories ofduties. These four functions, not necessarily in the order of their importance, are as follows:

1. Accounting
2. Advising
3. Forecasting
4. Managing

Let us review and expand each one of these functions separately, to see if they call for any specialized training, knowledge, or mental characteristics which would not usually be found in those occupying other positions.

The Accounting Function

The one function which seems to be common to the comptrollers of all companies is that of accounting. But, when the comptroller is in his work something more than the "senior accountant", this function goes far beyond the mere compilation of facts and figures. A comptroller must not only understand the figures which he gathers(or are gathered for him), he must be able to interpret these figures in the light of comparison to what was planned in the company's operations. He must find the places of deviation, and in many cases he must attempt to deduce the reasons for the deviation. He must compare results with budgets, and insure that the resources of his company are not squandered by unauthorized expenditures. In short, the accounting function involves gathering the accounting data, interpreting the compiled data, and measuring the results against some predetermined objective. This in turn leads into another function,

-lor, and looked indirect method and equipping with it some-
-ing, we can classify the groups into four major basic out-
-morice objectives. These four functions, not necessarily in
the order of their importance, are as follows:

1. Innovating
2. Assisting
3. Transmitting
4. Changing

Let us review the groups also one of those functions mention-
-ally, to see if that call for any specialized training,
knowledge, or social characteristics which would not normally
be found in these managerial other positions.

The Innovating Function

The one function which seems to be common to all
communications or all managers is that of innovation. Not,
when the communicator is in his most innovative mood that the
'major innovator', this function also for beyond the mere
manipulation of words and figures. A innovation must not only
understand the issues which he attempts to be applying for
him), he must be able to transport these issues to the least
of comparison to what was planned in the company's operations.

To put into the groups of activity, one is very much
much alarmed in seeing the meaning for the reality. He
must compare results with budgets, and insure that his measures
of his success are not expressed by communications or matrices.

In short, the innovating function involves gathering the
innovating data, interpreting the resulting data, and measur-
-ing the results against some inter-related objective. This
is then based into assisting function.

The Advising Function.

Once the comptroller has completed his work on the accounts, his overall task has just commenced. The most beautiful painting in the world will never be recognized as such if it is hidden from view. In like manner, the comptroller who has gathered and compiled factual data, interpreted it with a high degree of accuracy, and made rigid comparison of results with planned objectives, has achieved little or nothing for his company if his information is not promptly and positively presented to responsible top management. The comptroller, theoretically, has all the facts at his finger tips, and these facts should be made use of. For instance, the top sales executivemust know how his department's expenses compare with budget, and if possible, where cuts can be made in expenses.

The comptroller should be able to advise (NOT direct) the sales people in arriving at such decisions, based on his data ond the interpretation he has made of them. Similar situations exist for all the other departments, and the comptroller should be able to highlight both the strong and weak performances, and advise intelligently in his recommendations for strengthening or preventing weaknesses. This duty, and the budgeting process, tie in closely with yet another of the comptroller's functions,

The Forecasting Function.

This is one of the most important of the duties which fall within the province of the comptroller. Accounting gives a history of past performance, and advising includes comparison

The Initiating Function.

Once the controller has considered his duty to the community, his overall task has just commenced. The most beneficial marketing in the world will never be recognized as such if it is allowed from view. It is here, however, the controller who has primarily the creative function, interpreted in light of a high degree of economy, and with right combination of results with planned objectives, has achieved light or nothing for his company if his information is not properly and logically presented to management for consideration. The controller, theoretically, has all the facts at his finger tips, and these facts should be made use of. For instance, the big sales organization know how the controller's accounts compare with budget, and if possible, where jobs can be made in economy.

The controller should be able to advise (WTC direct) the sales people in arriving at such decisions, based on his data and the interpretation he has made of them. Finally, although with the all the other departments, the controller should be able to highlight that the growing and work problems, and advise logically in his recommendations for strengthening or correcting weaknesses. This duty, and the budgeting process, he is closely with yet another of the controller's functions.

The Forecasting Function.

This is one of the most important of the duties which fall within the province of the controller. Forecasting gives a history of past performance, and advising including economics

with the plan. But how was this plan arrived at? In any plan for future events, it is necessary to forecast, mostly through the light of past experience. The comptroller, if he is to forecast intelligently, must develop a number of facets of his business knowledge. He must know the capabilities of his company's production, or he cannot act as a check on the natural enthusiasm of that department, and the whole schedule of operations may be thrown out of kilter. He must be an acute judge of business cycles, and be able to apply these trends to his own business. In the preparation of the budget of his company, he must be able to integrate all phases of the business, and insure that availabe funds are allocated in a just and equitable manner. Little good results if funds are supplied to manufacture six million units, but sales only has enough funds to hire salesmen to sell three million units. A good comptroller should be able to forecast rising markets, and advise his superiors in time for them to make the decisions which allow the company to reap the benefits of the rise. All in all, in addition to his speciality in accounting, and his ability to advise intelligently, the comptroller must combine with these some of the qualities of the Indian swami in reading and forecasting the fall of future events.

The Managing Function

The previous sections have dealt with the more or less special qualifications needed by a comptroller, in the same light that an engineer needs engineering training. The comptroller usually shares one other function in company with

which has plan. The question this plan assumes not is any clear for future events, is the necessary to forecast, usually between the limits of very uncertain. The question also, is he is to forecast intuitively, must develop a number of trends of his business operation. He must know the flexibility of his company's investment, or he cannot act in a crisis or his natural outlaying of this management, the only really important of investments will be lower out of pilot. In that is to avoid loses of important orders, and be able to apply from budget to his own business. In the consideration of the trends of his company, he must be able to interpret all events of the industry, and learn that special funds are allocated in a just and equitable manner. Labor and trouble is taken are anxious to manufacture his million units, but when his energy tends to give relaxed to sell their million units. A good manufacturer should be able to forecast other markets, and advise his superiors in time for them to meet the conditions which allow the company to gain the benefit of the sale. It is all, in addition to the availability to manufacture, and his ability to sell the availability. The manufacturer must confide with some sense of the conditions of the British market in order- ing and forecasting the fall of future events.

The Selling Function

The selling function also really also no more to lead special qualifications should be [illegible], in the same fact, that to maintain price a considerable training. The manu- facturer usually sells the whole product to retailers with

line executives of his level. As a general rule, the comptroller is the headcof the accounting department, and as such he has line command authority as far as his own department is concerned.

This managerial function can not be overlooked, since it is usually the only opportunity the comptroller has to gain experience in what might be called "command". No man can expect to be competent at directing the activities of a large number of people, unless he has in the past built up his experience at lower levels. Good staff men do not make good commanders, especially at the top, without command in more junior positions.

There is a world of difference between advising a superior or a subordinate, without being interested other than academically in the results of the advice, and actually making the decisions upon which the fortunes of the enterprise may depend.

If a comptroller hopes to succeed to top management positions, where he is in a policy-making job, and in the line chain of command authority, he must descend from the ivory tower of the staff attitude and take a place in the line of direct management.

line objectives of the Corps. As a command tool, the commander is the product and economically significant, and it must be the line command authority at the lowest level that is concerned.

This managerial function can not be overlooked, since it is usually the only [illegible] the commander can be well aware. Hence in what might be called "command", it may not always be convenient at eliminating the activities of a large number of people, unless we can [illegible] the best skill to the commander at lower levels. Good staff work is not made a [illegible] - fully at the top, without command in some [illegible] positions.

There is a world of difference between [illegible] a [illegible] or a subordinate, without being [illegible] - adequately in the results to the active, are actually [illegible] [illegible] the [illegible] of the subordinate may [illegible].

If a [illegible] [illegible] to [illegible] [illegible] [illegible], where he is [illegible] [illegible], and in the line [illegible] [illegible] activity, he must [illegible] [illegible] [illegible]

CHAPTER 3

Training of a Comptroller

The previous chapter discussed the functions of a comptroller. What must go into meeting the necessary qualifications if a man is to be able to carry out the duties assigned to that position? What training is needed for comptrollership?

Since the comptroller is usually the head of the accounting department, it is reasonable to expect that he would need background and experience in that field. A large number of comptrollers have risen to their positions through the ranks of accountants, and at first glance this would seem to be the path of advancement. Such has not proven to be the case in many of the examples presented to this class, however. In fact, it would seem that a carreer as an accountant tends to disqualify a man, since as a general rule, the accountant has too much of a tendency to become mesmerized by his own figures, and lose his sense of proportion of the overall problems of the company, which is a very necessary trait for a comptroller. A senior accountant may be given the title of "Comptroller", but all too often the change seems to be one of title only, and involves little or no change in actual functions. Thus while a good knowledge of accounting procedures is imperative, a heavy background of accounting experience would seem to be not only unnecessary but even undesireable.

Company Training

In order to do a good job, the comptroller must of

CHAPTER I

Training of a Controller

The previous chapter discussed the functions of a controller. But what is involved in making the necessary qualifications? A man is to be able to carry out the duties assigned to that position. Such training is needed for one traditional reason.

Since the controller is usually the head of the accounting department, it is necessary to expect that he would need background and orientation in that field. A large number of controllers have risen to their positions through the ranks of accounting, and it first appears this would seem to be the path of convenience. Such has not proven to be the case in many of the essential requisites in this class, however. In fact, it would seem that a manager as an accountant tends to disqualify a man, since on a general rule, the accountant has too much of a tendency to become concerned by his own figures, and lose his sense of perspective of the overall problems of the business, which is a very necessary trait for a controller. A senior accountant may be given the title of "controller", but all too often, the change seems to be one of title only, and involves little or no change in actual functions. Thus while a good knowledge of accounting procedure is IMPORTANT, a lengthy background of accounting experience could cause an not only unnecessary but even undesirable.

Company Training

In order to do a good job, the controller must of

necessity know the aims and problems of his company. How can the comptroller advise the production manager, or any other responsible executive, if he himself is ignorant of the problems which necessitate the advice? The business world is full of examples of men who have reached their high point, far below the top, merely because they would not, or could not, develop their knowledge of their own company beyond their immediate job horizon. A good case in point may be found in a steel company whose comptroller spoke to this class. In this company, the Assistant Comptroller is in charge of general accounting and internal auditing functions. He has held that position since 1936, during which time he has seen other men promoted over his head to the yop departmental billet. The present comptroller started in a minor job in the statistical section in 1943, and in 1949 was promoted when the comptroller position became vacant.

Why was the assistant passed over in 1949? He was and is recognised as an excellent man in his field, but he had never bothered to learn the other jobs in the comptroller's office, much less the rest of the company. He had plateaued himself at the assistant level. On the other hand, the present incumbent of the job had a concept of the position similar to that held by Mr. McMillan, Vice-President and Comptroller, the New York Telephone Company. In his address to this class, Mr. McMillan expressed himself on the subject as follows:

> "My concept of the comptroller job is that it is both a proffessional type and managerial in nature. The comptroller is a member of the top management team, more than merely a consultant and adviser. He must have objectivity, more so

necessarily know the ins and outs of the company. Men who the controller serves the production manager, or any other responsible executive, if he already is ignorant of the problems which necessitate the service. The business world is full of examples of men who have reached their high posts, far below the top, merely because they would get, or could not, develop their knowledge of their own company beyond their immediate job duties. A good case in point may be found in a steel company whose controller spoke to this class. In this company, the institute treasurer is in charge of general accounting and internal auditing functions. He has held that position since 1919, during which time he has been other was promoted over his head to the pay controllership office. The present controller started in a minor job in the statistical section in 1927, and in 1929 was promoted when the controller position became vacant.

Why was the statistical section set up in 1927, or was and is recognized as an accounting unit in its field, but he he never hesitated to learn the minor jobs in the controller's office, much less the rest of the company. He had obtained himself to the accounting level. On the other hand, the present treasurer of the job had a concept of the position similar to that held by Mr. Ludlum, Vice-President and Controller, the New York Telephone Company. In his address to this class, Mr. Ludlum expressed himself on the subject as follows:

"My concept of the controller job is that it is both a mechanical type and managerial in nature. The controller or is a member of the top management team, more than merely a controller like Caesar, he must have initiative, work o

than other department heads who have ideas slanted to their own work. Tax knowledge, statistical and economic knowledge, and above all, knowledge of the operations of the company as a whole, are necessary attributes of the comptroller."

Mr. McMillan's concept of the comptroller brings in yet another trait which demands special knowledge and training.

Economic knowledge, from which is derived the ability to foresee trends in business activity, is necessary if the comptroller is to advise the members of top management. Again, this does not mean that the comptroller should be a practicing economist prior to his job as comptroller. In this field, too, overspecialization would be harmful. The economist is on the other side of the fence from the accountant, in that he normally lives in a dream world of fanciful ideas, based on figures which he interprets to suit himself. In any given situation of recent years, there has been violent disagreement between recognized experts in this field-- and it is doubtful whether any one has a better average of correct guesses than the next.

Personal Relations

In line with the management function of the comptroller, he must develop the ability to deal with people. Being in a staff position, this attribute is all the more important. The line executive, when he sees the need of change, merely issues an order. The comptroller, however, does not have this power of command. His only recourse, other than going over the head of the offending executive to higher authority, is to convince the executive in question of the desireability of the change.

In other words, if he is to be effective, he must be able

than their counterpart people who have been slaves to their own work. The knowledge, skills, intellect and economic knowledge, and above all, knowledge of the importance of the economic is a whole, the necessary alienation of the proletariat.

Mr. Bottomley's account of the constructive method in yet another article which contains crucial knowledge and training.

Technocratic structures, this which is derived the ability to increase surplus in economic activity, is necessary in the contradiction is to retain the security of the management. Again, this does not mean that the contradiction should be a possibility necessary factor in the line of contradiction. In this field, the correspondentialization which by herself. The procedure is on the other side of the flows from the procedures, in that is normally lives in a lower world of learned idiom, based on figures which be interpreted to well itself. In any given situation of social class, there has been ritual disagreement between recognized strata in this class-- and it is evident another may one has a better chance to connect question than the next.

Internal Implications

In line with the management function of the proletariat, the need develops the ability to meet with people. Being in a staff position, this attribute is all the more important. The line executive, must be seen the need to change, merely issues an order. The functionalist, however, does not have this power of command. He only presents, rather than giving, over the head of the offending executive to higher authority. In in executive the consultant is aware of the instrumentality of the system.

In other words, it is he to be effective, he must be able

to sell both himself and his ideas to other members of the executive team. He must endeavor to persuade others to accept his ideas, without using pressure. This can only be achieved by building up others' confidence in his integrity and ability.

When the comptroller has achieved this, he is becoming of maximum use to his company. Quoting from the address to the class by Mr. Wheeler, the Comptroller of the Allegheny-Ludlum Steel Corporation,

> "We are looking for men who can present their ideas in a forceful, concise, and clear manner, and who have the ability to sell themselves and their ideas without causing friction."

Summary

The training of a comptroller is many-sided. It includes accounting, economics, company training, and human relations. It is perhaps more thorough and all-embracing than the training needed for any other comparable position in industry, in that it combines the specialized training needed for the technical end of his own job, with a broad basic knowledge of all other facets of his particular business. The comptroller must be a "jack-of-all-trades", and a master of his own besides.

to unit both liberal and its issue to other members of the community here. We must recognize by personal choice to create this image, without being pressured. This can only be achieved by building on others' awareness to the integrity and reality.

When the manifestation has achieved this, we is invested of matters and to the community. Growing from the inherent to the class by it. Finally, the transformation of the alienated-social (communism).

> "We are looking for men who can remake their lives in a forceful, creative, and clear manner, and who have the ability to suit themselves and their times without causing rebellion."

Summary

The training of a revolutionist is non-stop. It involves reconstructing, reconstruct, changing thinking, and human relations. It requires more intensive and self-expressing than the training needed for any other occupation. Revolution is learning, to look to conditions the revolutionist training needed for the beginning and of life and job, with a very basic knowledge of all other phases of the revolutionary challenge. The revolutionist made of a "jack-of-all-trades", and a master of his own trades.

CHAPTER 4

The Qualifications of the Top Executive

The previous chapters have dealt with the functions, qualifications, and training of the comptroller. The basic concern of this paper, however, is the determination of the comptroller's ability to rise to the positions of top management. To make this determination, it is first necessary to define the qualifications of the top executive.

Fortunately, and unlike the comptroller's functions, the business world has come to a fairly concrete and universal acceptance of the qualities necessary for top executives. The Dean of the Harvard Business School, Mr. Donald K. David, in an address delivered before the Harvard Business School Club of New York, in 1948, defined the qualities of an ideal executive as follows:

> "1. The ability to get other people to work effectively.
> 2. The ability to make decisions in the light of facts available and under pressure of time.
> 3. The instinctive acceptance of authority.
> 4. An understanding of the economic, social, and political forces which shape the envirement within which he operates."

Other authors, from Julius Ceasar down through the ages, have given their definitions of the top executive, and for both military and civilian pursuits, there is a remarkable similarity contained within the many definitions. Briefly stated, the most desireable attributes of the top executive are:

1. Leadership
2. Business Knowledge
3. Decisiveness
4. Ability to Recognize Merits and Faults

The Qualifications of the Top Executive

The previous chapters have dealt with the functions, qualifications, and training of the controller. The basic concept of this study, however, is the determination of the controller's ability to rise to top positions of management. To make this determination, it is first necessary to define the qualifications of the top executive.

Fortunately, one of the controller's functions, the business work has done so a fairly precise job of determination of the qualifications necessary for top executives. The Dean of the Harvard Business School, Dr. Donald C. David, in an address delivered before the Harvard Business School Club of New York, in 1948, defined the qualities of an ideal executive as follows:

"1. The ability to get other people to work effectively.
2. The ability to make decisions in the light of facts available and under pressure of time.
3. The imaginative use of energy or endurance.
4. An understanding of the economic, social, and political forces which form the environment within which we live."

Other authors, from Julian Lesser down through the years, have given their definitions of the top executive, and for industry and civilian pursuits, there is a remarkable similarity, emphasized within the core qualities. Briefly stated, the most dominant characteristics of the top executive are:

1. Leadership
2. Creative Thinking
3. Initiative
4. Ability to Integrate Men and Ideas

Let us examine more closely each of these traits.

Leadership

The quality of leadership is rather nebulous. Some successful men lead by example, while others drive their subordinates. Some rule by fear, and others by inculcating a high degree of loyalty in their followers. In any case, leadership itself is the backbone of the process of command.

Napoleon gives a good definition of the character of leadership:

> " First of all, the work of the Commander in Chief calls for thought, preliminary to any decision. An idea is born, evolves, becomes well-defined, and by an act of will is transformed into a decision. But the role of the leader does not end here; he must also participate in the carrying of the decision into execution, by superintending, directing, and controlling his agents. This participation is indespensable to the union and consequence of their efforts, the rectification of errors, and the vigor of action...." (1)

Business Knowledge

No business can hope to stay in a healthy state unless it makes a profit. In order to do so, it must supply some product or service for which a market exists, or can be made to exist, and unless the cost of production is less than the selling price.

If these results are to be obtained, the top executives of the business must have enough business acumen to know when to expand or retract operations, when to drop some product or emphasize another, and the ability to foresee booms and depressions. The degree to which the executive develops such knowledge determines the success of his activities.

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(1) Melvin T. Copeland, The Executive at Work, (Boston: Harvard University Press), 19.

lal to question here is only each of those traits.

(conclusion)

The quality of leadership is review question. Does successful man lead by example, which always gives high subordination, does rule by fear, and always by intimidating a high degree of loyalty in their followers. In any case, leadership itself is the business of the manager is concerned.

Bernheim gives a good definition of the character of leadership:

" First of all, the work of the commander is built with the tension, mutilations in our decision. We know, a man, evolves, becomes self-critical, and by no but it will is structure-man into a model. But the role of the leader does not end here; he must also be efficient in the exercise of the medium into execution, by organization, directing and controlling its equal. This qualification is necessarily the order and management of their efforts, the responsibilities of errors, and the signs of action...." (1)

Business Decision

So business man have to play in a leading state which is above a people. In order to do so, it must supply some reason or service for which a people relied, or can be used to build, and makes the best of resources in that time the living value.

If some reason not are to be obtained, the two executives of the business must have enough boldness enough to have them to expand or increase production, then to make some product or establish business, and the ability to foresee good and decisions. The leader is using the decisive decision such knowledge determine the success of its activities.

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(1) Bernhn E. Bernheim , The Principles of Work, London: Pitman Publishing Ltd., 1.

Decisiveness

One of the most important qualities of the top executive is decisiveness. We are all familiar with the type of leader who cannot make up his mind, or who vacillates between decisions. The executive must be firm and decisive in his actions and decisions, if he is to have the full confidence of his juniors. He may keep his own counsel, or request opinions, but he must never leave the impression that the reason he does not issue an order is that he cannot or will not make up his mind. Nothing is more destructive to morale than indecision, for it leaves subordinates in the position of having to make their own decisions without benefit of sufficient knowledge or coordination.

Recognizing Ability and Faults

Going back once more to the philosophy of Bonaparte, this military genius and leader stated in part:

> ".... Finally, the duty of the chief is also to distribute to the executants the rewards or penalties which correspond to their merit or incapacity." (1)

The last phase of this sentence is of espaeial importance. "Which correspond to their merit or incapacity" clearly implies recognition of those factors by the chief. The man in authority must have this ability. Lack of it results in wrong work assignments, illogical promotion, and loss of morale, and leads eventually to the possibility of complete chaos and a breakdown of the entire organization.

(1) Ibid.

Individuals

One of the most important qualities of the top executive is individuality. He can call individuals with the type of loyalty that cannot make no his mind, or who qualifying independent decisions. The executive must be free and complete in his judgments and conclusions, if he is to have the full confidence of his backers. He may hear his own opinion, or research decisions, but he must never leave the impression that his decision be does not issue an order in that an effort of all not make up his mind. Finally, it is very desirable to remove that independence, for it leaves authorization to the condition of saving to make their and conditions without benefit of sufficient knowledge or consideration.

Economics Ability and Skills

Going back once more to the philosophy of Dangerous, this ability evolves and leaves skills to year:

> ".... Finally, the duty of the owner is also to distribute to the executive his revenue or possible risk increasing to their profit or disappointing." (1)

The last phase of this problem is of especial importance.

"Skill consequence to their work is temporarily closely higher responsible or those involved by the point. The job is primarily what have this ability. Just of it involves in among man analysis, direction, coordination, and plan of result, and their responsibility to the possibility of research cases and a thousand of the entire organization.

(1) Ibid.

CHAPTER 5

The Comptroller Meets the Qualifications

Previous chapters having discussed both the comptroller and the top executive, the time is now ripe to compare the two to see if the comptroller is adequately prepared to succeed to high position by virtue of his training and qualifications. In what fields is the comptroller well prepared, and in what lines of endeavor must he have further training to prepare him adequately for the responsibilities of the top?

Probably the field in which the comptroller is best qualified is in knowledge of business trends and overall company problems. These are necessary attributes for both the top executive and the comptroller. Furthermore, the comptroller is the only relatively junior executive who does need a high level of knowledge in this subject, and in this one phase, at least, he is probably the one junior executive who best meets this need.

Next we come to the capacity to recognize ability and faults. Here the comptroller should be qualified, not only through his work with his own subordinates, but through his highly developed sense of human relations so necessary to a staff man. His attributes here are on a level with his equals.

So far, the comptroller has compared very favorably with his rival co-executives. Two more important fields still remain, however, and it is here that the comptroller needs look to his laurels. The first of these fields is leadership, and the comptroller is skating on thin ice. His previous

The Controller needs the qualifications

Previous chapters having assessed both the responsibilities and the top management, the time is now ripe to consider the question of how it has constructed its support by recruited by assessing its other qualities by virtue of its training and qualifications. In what sense is the controller equipped with resources, and in what sense is he or management must to have further training to increase his contribution for the responsibilities of the job?

Probably the first to which the accountant is best qualified to be profitable or business focused and overall management problem. Those are necessary qualifications for both the top management and the controller. Furthermore, the controller is the only relatively junior executive who does come a plus point of knowledge in this endeavor, and is this one point, if there, or is probably the one junior executive who's job makes this true.

Here we have to be concerned, to procedure utility and limits. Does the controller should be qualified, personally towards his work with the top management, and towards his lightly development means of human relations in commerce to a small par. His activities here are do a lead with the equals.

So far, the controller has concerned very favourably with the which professionals. The more important factor into results, however, and it is here that the controller must look to his laurels. The view of lead right is treasured, and the controller is whether on line ice. In overview

experience, in the command relationship, has been limited to the employees of his own department, consistently staffed with accountants and bookkeepers, types in general which need far less supervision and leading than the normal run of worker. They respond best to being left alone, and the normal process of command is seldom used. The comptroller, therefor, must develop his qualities of leadership through observing others when possible, since he has little opportunity to practice it in person.

Finally, decisiveness is a necessity. The comptroller's position being of the staff, he has not been trained in the habit of making decisions. His province has been to supply the information on which decisions by others are based, never actually making the decisions himself. In cases where his recommendations are called for, it is customary for him to supply several alternative courses of action, and then wait for one to be chosen. He is in a fine position to observe the reasoning upon which his seniors base their successful operations, but he has not, through out his career, been responsible for making decisions which affect even his own small segment of the business. This quality ties in closely with leadership, and is another weak point in the qualifications of the comptroller.

Summary

The conclusions which I have drawn from study of this subject are that the comptroller is extraordinarily well qualified for top positions in the fields of concrete business knowledge, but is sadly lacking in those intangibles which seem to be necessary attributes of all successful commanders. In other

Conversation, in the common relationship, has been limited to the exchanges of his own department, constructively related with secretaries and bookkeepers, lapse in general mainly seen for less supervision and leaving free the normal use of powers. Their employer back is being left alone, and the normal process of commerce is taking place. The conductor, therefore, must convey his qualities of leadership through observing others than subordinates, since he has little opportunity to manifest it in person.

Finally, determinness is a necessity. The controller's position being of the staff, he has not been trained in the art of making decisions. The previous line have to supply the information on which decisions by others are taken, rather than making the decisions himself. If these more his recommendations are calling for, it is necessary for him to supply several alternative courses of action, see them well for one to choose. He is in a fine position to observe the operation from behind the director fake their successful operations, but so too not. Without not all errors, then recommendations for taking corrective action are his well recorded of the business. Such reading may be closely with industrial , and is another area, that is his qualifications of the controller.

Summary

The conclusions which I have been from study of this subject are that the controller is extraordinarily well qualified for his position in the status of industrial business. Some lapse, but is mainly lacking in human inadequacies which are an necessary attributes of all successful businessmen. In other

words, the comptroller has, by virtue of his specialization in staff work, lost the vital experience of command. If he has spent a normal amount of time in reaching his position, the habits he will have formed in a lifetime of work will be too firmly ingrained for him to change readily. He has reached his plateau in the business world.

The military comptroller, on the other hand, has not reached this impasse', and will not as long as a special corps of comptrollers is not established. At a recent series of Senate hearings, one of the questions asked each of the Secretaries of the military establishment was "Is it necessary, in your opinion, that the top military commander have had experience as a comptroller?" Without exception, each Secretary replied in substance that it would be highly desireable that the top military commander have had such experience, but not necessary. Thus some training and experience in the field of comptrollership would seem to be beneficial, but the vastly more important command experience to be gained in line positions must not be ignored. The comptroller as a specialist is not prime material for top management positions, but some training and experience in the field is a great aid to the top executive.

world, the controller has, by virtue of his specialization in staff work, lost the vital experience of command. If he has spent a normal amount of time in recording his operation, too, he will have turned in a lifetime of hard work in the finally impossible for him to become specially. In the previous chapter in the business world.

The military experiment, on the other hand, has not reached this impasse; nor will not so long as a special corps of comptrollers is not established. It is a recent result of Senate hearings, one of the questions asked and of the business-men of the military establishment was "Is it necessary, in your opinion, that the top military commander here has been-come a comptroller?" Without exception, each secretary replied in substance that it would be highly desirable that the top military commander have had such experience, but not necessary. This case training and experience in the field of comptrollership could seem to be beneficial, and the reality more important matter of experience to be gained in time limit-ions must not be ignored. The comptroller as a specialist is not prime material for top management positions, but case training and experience in the field is a great aid to the top executive.